Trade Unions and Corporate Governance in the UK – Are Workers on the Board back on the agenda?

Catherine Casey, University of Leicester, UK

Abstract

The participation of labour in corporate governance in the UK has variously risen and fallen on labour movement agendas over the decades. There have always been mixed and often opposing views and aspirations in regard to board level participation of labour and trade union representatives. Some fear the risk of labour’s incorporation and disempowerment and favour exclusive adversarial engagement. Others seek labour’s full representation as a social democratic political right and a direct avenue of regulating the firm. Management has similarly vigorously opposed participation or pragmatically conceded to the legitimation factor of forms of labour participation in highest level firm decision-making notably in the 1970s. Participation efforts, including the labour – management partnership undertakings in the 1990s have, for many observers, yielded disappointing results. Substantive labour participation in highest level and strategic company decision-making now attracts only sporadic discussions in industrial relations debates in the UK.

More recently, two significant occurrences exert new pressures and open opportunities for institutional innovation. The most salient is the global financial crisis of 2008 and its aftermath that has exposed a vast crisis of corporate governance. The capture of corporate governance by finance economics, shareholder sovereignty and senior executives’ vice is now openly called into new question and demands new political response. The second is the less visible, dynamic effect of EU labour institutions on UK companies and organizations. Notably, the European Works Council directive, the directive on employee participation accompanying the European Company statute (SE) and the Information and Consultation of Employees directive respectively transposed into UK law over the last fifteen years alter the traditional voluntarism of much UK regulation. Their effects of formally raising labour’s voice are slowly emerging.

Most especially, the global financial crisis and the crisis in corporate governance provide labour leaders with a platform to launch fresh debate and demand. This paper, based on qualitative research of interviews with trade union actors and labour researchers, discusses contemporary expressions of workers’ and trade unions’ interest in corporate governance and participation in highest level decision-making in the UK.

Catherine Casey, MA., Ph.D.
Professor of Organization and Society
School of Management, University of Leicester
Leicester LE1 7RH, United Kingdom.
email: c.casey@leicester.ac.uk